

Faster Into Homes

Many young people are struggling to get a house deposit together and the Green Party wants to make it easier and faster for them to get a foot in the door of their own home.

Our Faster into Homes plan will allow students to defer paying back their student loan for a period, and instead divert that money into a first home saving account.

Combined with KiwiSaver, this would make a huge difference for young people who are struggling with low wage growth and rapidly rising house prices across the country. A bachelor's graduate on a median wage could save \$18,000 after five years.

Helping young people to buy a house will be an encouragement for them to remain in New Zealand to contribute to our economy and our communities.

Why do we need this policy?

Home ownership is part of the Kiwi dream but is increasingly out of reach for many young people.

720,000 people in New Zealand are burdened with student loans, and of that number around 341,500 are currently paying the loan back.

Many younger New Zealanders struggle to save for a first home deposit, particularly when 12 percent of their income before tax goes on compulsory Student Loan repayments. Getting a deposit together has become even harder with LVR restrictions across the country. It's not a coincidence that the average age of the first home buyer has increased to 32, or that there is twice as many multiple-property owners as first home buyers in Auckland in 2016.

The Government has made it harder for graduates to get into their first home by failing to act quickly to stop the housing crisis. National has also made a number of negative changes which have affected students' ability to save, like increasing the repayment threshold from 10 to 12 percent, halving the Government's annual KiwiSaver contribution, and removing the bonus incentive for lump sum student loan repayments.

Helping young people into homes will also encourage them to stay in New Zealand and contribute to the economy and our communities. Currently borrowers can receive a Student Loan repayment holiday when travelling overseas for one year and it is an issue of fairness that those who stay, work and save in New Zealand can't access a repayment break too.

How will it work?

The Green Party's Faster Into Homes plan will allow student loan borrowers to defer paying back their student loan to help them save for a house.

Under this scheme, anyone who is earning over the repayment threshold of \$19,000 could opt-in to defer part or all of their mandatory 12 percent student loan repayment into a housing account administered by the IRD.

That money will be held by the IRD, and can be accessed by anyone who intends to buy or build their first home. The IRD would approve the release of the money to be spent on the purchase or build of a first home. Any funds that were not spent on a first home would be transferred back to the student loan. If the borrower decides not to buy a house over that period, the money will be transferred back to paying off their loan.

Time or savings limits for first home deposit deferral would be decided by the Minister via regulations. Any savings that are made with this scheme would be able to be used in conjunction with KiwiSaver, HomeStart grants and personal savings. Over the deferment period, which would be set by the Minister but could be around five years, graduates earning the median income could potentially save \$18,000, which combined with KiwiSaver and the HomeStart grant puts them closer to a first home deposit.

What will it cost?

There will be an initial cost to the Crown in setting up the scheme, given that student loan repayments would take longer on average, and the Government would have to borrow more debt to fund the student loan book. However, we think that the long term impact on the student loan debt held by the Government could be positive; young people who own a house in New Zealand have a greater incentive to remain here and work towards paying off their loans.

Find out more and read Gareth's bill at <https://www.greens.org.nz/faster-into-homes>

Find out how much you could save at <http://action.greens.org.nz/home-start-calculator>